

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

|   |                              |  |                      |
|---|------------------------------|--|----------------------|
| Local Government Type<br><input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                              | Local Government Name<br>Tyrone Township   | County<br>Livingston |
| Audit Date<br>March 31, 2004  | Opinion Date<br>June 9, 2004 | Date Accountant Report Submitted to State: |                      |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

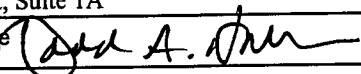
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1-968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91 ], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 1 00% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | X        |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | X            |
| Single Audit Reports (ASLGU).   |          |                 | X            |

|   |               |                      |              |
|---|---------------|----------------------|--------------|
| Certified Public Accountant (Firm Name)<br>BKR Dupuis & Ryden   |               |                      |              |
| Street Address<br>111 E. Court Street, Suite 1A   | City<br>Flint | State<br>MI          | ZIP<br>48502 |
| Accountant Signature<br> |               | Tadd A. Harburn, CPA |              |

**Annual Financial Report**  
**Tyrone Township**  
**Livingston County, Michigan**  
**March 31, 2004**

**Annual Financial Report**

**Tyrone Township**

**Livingston County, Michigan**

**March 31, 2004**

Richard Schumacher, Supervisor

David Kuzner, Clerk

Linda Kurnik, CMFA, Treasurer

Steven Nagy, Trustee

Colin VanLeuven, Trustee

Craig Hering, Trustee

S. Randy Laue, Trustee

## Table of Contents

|  | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report.....  | 1           |
| General Purpose Financial Statements:  |             |
| Combined Balance Sheet - All Fund Types and Account Groups .....   | 2-5         |
| Combined Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - All Governmental Fund Types .....                                  | 6           |
| Combined Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Budget and Actual - General and Special<br>Revenue Fund Types..... | 7-8         |
| Notes to Financial Statements .....  | 9-19        |
| Additional Information:  |             |
| Special Revenue Funds:   |             |
| Combining Balance Sheets .....   | 20-21       |
| Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balances .....   | 22-23       |
| Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balances - Budget and Actual .....   | 24-31       |
| Debt Service Funds:  |             |
| Combining Balance Sheet.....   | 32-33       |
| Combining Statement of Revenues, Expenditures,<br>and Changes in Fund Balances .....   | 34-35       |
| Fiduciary Fund Types - Agency Funds:   |             |
| Combining Balance Sheet.....   | 36          |
| Combining Statement of Changes in Assets and Liabilities .....   | 37          |

*Independent Auditors' Report*

The Honorable Members  
of the Township Board of  
Tyrone Township  
Livingston County, Michigan

We have audited the general purpose financial statements of Tyrone Township, as of and for the year ended March 31 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Tyrone Township at March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*BKR Dupuis & Ryden*

Certified Public Accountants  
Flint Office

June 9, 2004

## **General Purpose Financial Statements**

**Tyrone Township**  
**Combined Balance Sheet - All Fund Types and Account Groups**  
**March 31, 2004**

|   | <b>Governmental Fund Types</b> |                            |                         |
|---|--------------------------------|----------------------------|-------------------------|
|   | <b>General</b>                 | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> |
| <b>Assets</b>   |                                |                            |                         |
| Cash and cash equivalents   | \$ 541,060                     | \$ 837,369                 | \$ 576,736              |
| Receivables:  |                                |                            |                         |
| Taxes   | 27,144                         | -                          | -                       |
| Accounts receivable   | 5,309                          | 8,319                      | 409                     |
| Special assessments   | -                              | 67,684                     | 10,887,240              |
| Prepays   | 468                            | -                          | -                       |
| Due from other funds  | 74,052                         | 81,072                     | -                       |
| Due from other governments  | 76,751                         | -                          | -                       |
| Fixed assets  | -                              | -                          | -                       |
| Amount available in Debt Service Fund                             | -                              | -                          | -                       |
| Amount to be provided for retirement<br>of General Long-Term Debt | -                              | -                          | -                       |
| <b>Total assets</b>   | <b>\$ 724,784</b>              | <b>\$ 994,444</b>          | <b>\$ 11,464,385</b>    |

*See notes to financial statements.*

| Fiduciary<br>Fund Type<br>Agency | Account Groups             |                              | (Memorandum<br>Only)<br>Totals<br>2004 |
|----------------------------------|----------------------------|------------------------------|--|
|                                  | General<br>Fixed<br>Assets | General<br>Long-Term<br>Debt |  |
| \$ 121,356                       | \$ -                       | \$ -                         | \$ 2,076,521                           |
| -                                | -                          | -                            | 27,144                                 |
| 9                                | -                          | -                            | 14,046                                 |
| -                                | -                          | -                            | 10,954,924                             |
| -                                | -                          | -                            | 468                                    |
| -                                | -                          | -                            | 155,124                                |
| -                                | -                          | -                            | 76,751                                 |
| -                                | 11,699,355                 | -                            | 11,699,355                             |
| -                                | -                          | 892,492                      | 892,492                                |
| -                                | -                          | 7,124,336                    | 7,124,336                              |
| \$ 121,365                       | \$ 11,699,355              | \$ 8,016,828                 | \$ 33,021,161                          |

(continued)



**Tyrone Township**  
**Combined Balance Sheet - All Fund Types and Account Groups - (continued)**  
**March 31, 2004**

|  | <b>Governmental Fund Types</b> |                            |                         |
|--|--------------------------------|----------------------------|-------------------------|
|  | <b>General</b>                 | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> |
| <b>Liabilities, Fund Equity,<br/>and Other Credits</b>       |                                |                            |                         |
| <b>Liabilities:</b>  |                                |                            |                         |
| Accounts payable   | \$ 35,149                      | \$ -                       | \$ -                    |
| Due to other funds   | -                              | 81,072                     | 74,052                  |
| Due to other governments and individuals                     | -                              | -                          | -                       |
| Deferred revenue   | 5,931                          | 67,328                     | 10,497,841              |
| Performance deposits   | -                              | -                          | -                       |
| Long term debt   | -                              | -                          | -                       |
| <b>Total liabilities</b>                                     | <b>41,080</b>                  | <b>148,400</b>             | <b>10,571,893</b>       |
| <b>Fund equity and other credits:</b>                        |                                |                            |                         |
| Investment in General Fixed Assets                           | -                              | -                          | -                       |
| <b>Fund balance:</b>   |                                |                            |                         |
| Unreserved:  |                                |                            |                         |
| Designated for debt service                                  | -                              | -                          | 939,369                 |
| Designated for road improvements                             | -                              | 564,744                    | -                       |
| Designated for building and site                             | -                              | 18,039                     | -                       |
| Designated for subsequent years expenditures                 | 330,531                        | -                          | -                       |
| Undesignated   | 353,173                        | 263,261                    | (46,877)                |
| <b>Total fund equity and other credits</b>                   | <b>683,704</b>                 | <b>846,044</b>             | <b>892,492</b>          |
| <b>Total liabilities, fund<br/>equity, and other credits</b> | <b>\$ 724,784</b>              | <b>\$ 994,444</b>          | <b>\$ 11,464,385</b>    |

*See notes to financial statements.*

| Fiduciary<br>Fund Type<br>Agency | Account Groups             |                              | (Memorandum<br>Only)<br>Totals<br>2004 |
|----------------------------------|----------------------------|------------------------------|--|
|                                  | General<br>Fixed<br>Assets | General<br>Long-Term<br>Debt |  |
| \$ -                             | \$ -                       | \$ -                         | \$ 35,149                              |
| -                                | -                          | -                            | 155,124                                |
| 71,857                           | -                          | -                            | 71,857                                 |
| -                                | -                          | -                            | 10,571,100                             |
| 49,508                           | -                          | -                            | 49,508                                 |
| -                                | -                          | 8,016,828                    | 8,016,828                              |
| 121,365                          | -                          | 8,016,828                    | 18,899,566                             |
| -                                | 11,699,355                 | -                            | 11,699,355                             |
| -                                | -                          | -                            | 939,369                                |
| -                                | -                          | -                            | 564,744                                |
| -                                | -                          | -                            | 18,039                                 |
| -                                | -                          | -                            | 330,531                                |
| -                                | -                          | -                            | 569,557                                |
| -                                | 11,699,355                 | -                            | 14,121,595                             |
| \$ 121,365                       | \$ 11,699,355              | \$ 8,016,828                 | \$ 33,021,161                          |

**Tyrone Township**  
**Combined Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - All Governmental Fund Types**  
**Year Ended March 31, 2004**

|  |                   |                    |                   | (Memorandum<br>Only) |
|--|-------------------|--------------------|-------------------|----------------------|
|  | General           | Special<br>Revenue | Debt<br>Service   | T o t a l s          |
|  |                   |                    |                   | 2004                 |
| <b>Revenues:</b>   |                   |                    |                   |                      |
| Taxes  | \$ 338,993        | \$ -               | \$ -              | \$ 338,993           |
| Special assessments  | -                 | 32,838             | 1,010,131         | 1,042,969            |
| Intergovernmental:   |                   |                    |                   |                      |
| State  | 565,934           | -                  | -                 | 565,934              |
| Licenses and permits   | 71,764            | -                  | -                 | 71,764               |
| Fees   | 107,198           | -                  | -                 | 107,198              |
| Charges for services   | 55,332            | 51,735             | -                 | 107,067              |
| Interest   | 6,878             | 10,880             | 317,015           | 334,773              |
| Rents and royalties  | -                 | 14,405             | -                 | 14,405               |
| Other  | 559,697           | 10,250             | -                 | 569,947              |
| Total revenues   | 1,705,796         | 120,108            | 1,327,146         | 3,153,050            |
| <b>Expenditures:</b>   |                   |                    |                   |                      |
| Current:   |                   |                    |                   |                      |
| General government   | 785,540           | 8,499              | 53,869            | 847,908              |
| Public safety  | 417,926           | 1,520              | -                 | 419,446              |
| Public works   | 18,372            | 182,523            | -                 | 200,895              |
| Health and welfare - Seniors   | 7,000             | -                  | -                 | 7,000                |
| Highways and streets   | -                 | 231,217            | -                 | 231,217              |
| Capital outlay   | 2,104             | 1,490              | -                 | 3,594                |
| Debt service:  |                   |                    |                   |                      |
| Principal  | -                 | -                  | 551,557           | 551,557              |
| Interest and fiscal charges  | -                 | -                  | 22,223            | 22,223               |
| Total expenditures   | 1,230,942         | 425,249            | 627,649           | 2,283,840            |
| Excess (deficiency) of revenues<br>over expenditures                     | 474,854           | (305,141)          | 699,497           | 869,210              |
| <b>Other financing sources (uses):</b>                                   |                   |                    |                   |                      |
| Operating transfers in   | 5,000             | 430,000            | 821               | 435,821              |
| Operating transfers (out)  | (430,000)         | (5,821)            | -                 | (435,821)            |
| Total other financing sources (uses)                                     | (425,000)         | 424,179            | 821               | -                    |
| Excess of revenues and other<br>sources over expenditures and other uses | 49,854            | 119,038            | 700,318           | 869,210              |
| Fund balance at beginning of year  | 633,850           | 727,006            | 192,174           | 1,553,030            |
| <b>Fund balance at end of year</b>                                       | <b>\$ 683,704</b> | <b>\$ 846,044</b>  | <b>\$ 892,492</b> | <b>\$ 2,422,240</b>  |

*See notes to financial statements.*

**Tyrone Township**  
**Combined Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Budget and Actual**  
**General and Special Revenue Fund Types**  
**Year Ended March 31, 2004**

|   | General Fund      |                   |  |
|---|-------------------|-------------------|--|
|   | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                   |                   |  |
| Taxes   | \$ 348,900        | \$ 338,993        | \$ (9,907)                             |
| Special assessments   | -                 | -                 | -                                      |
| Intergovernmental:  |                   |                   |  |
| State   | 597,200           | 565,934           | (31,266)                               |
| Licenses and permits  | 68,000            | 71,764            | 3,764                                  |
| Fees  | 85,435            | 107,198           | 21,763                                 |
| Charges for services  | 61,900            | 55,332            | (6,568)                                |
| Interest  | 8,700             | 6,878             | (1,822)                                |
| Rents and royalties   | -                 | -                 | -                                      |
| Other   | 370,430           | 559,697           | 189,267                                |
| Total revenues  | 1,540,565         | 1,705,796         | 165,231                                |
| <b>Expenditures:</b>  |                   |                   |  |
| Current:  |                   |                   |  |
| General government  | 847,667           | 785,540           | 62,127                                 |
| Public safety   | 420,138           | 417,926           | 2,212                                  |
| Public works  | 14,400            | 18,372            | (3,972)                                |
| Health and welfare - Seniors  | 7,000             | 7,000             | -                                      |
| Highways and streets  | -                 | -                 | -                                      |
| Capital outlay  | 1,800             | 2,104             | (304)                                  |
| Total expenditures  | 1,291,005         | 1,230,942         | 60,063                                 |
| Excess (deficiency) of revenues over expenditures                                     | 249,560           | 474,854           | 225,294                                |
| <b>Other financing sources (uses):</b>  |                   |                   |  |
| Operating transfers in  | 5,000             | 5,000             | -                                      |
| Operating transfers (out)   | (244,000)         | (430,000)         | (186,000)                              |
| Total other financing sources (uses)  | (239,000)         | (425,000)         | (186,000)                              |
| Excess (deficiency) of revenues and other<br>sources over expenditures and other uses | 10,560            | 49,854            | 39,294                                 |
| Fund balance at beginning of year   | 633,850           | 633,850           | -                                      |
| <b>Fund balance at end of year</b>  | <b>\$ 644,410</b> | <b>\$ 683,704</b> | <b>\$ 39,294</b>                       |

*See notes to financial statements.*

| Special Revenue Funds |            |  |
|-----------------------|------------|--|
| Budget                | Actual     | Variance<br>Favorable<br>(Unfavorable) |
| \$ -                  | \$ -       | \$ -                                   |
| 27,882                | 32,838     | 4,956                                  |
| -                     | -          | -                                      |
| -                     | -          | -                                      |
| -                     | -          | -                                      |
| 38,390                | 51,735     | 13,345                                 |
| 18,235                | 10,879     | (7,356)                                |
| 12,000                | 14,405     | 2,405                                  |
| -                     | 10,250     | 10,250                                 |
| 96,507                | 120,107    | 23,600                                 |
| 12,500                | 8,499      | 4,001                                  |
| 950                   | 1,520      | (570)                                  |
| 311,115               | 328,548    | (17,433)                               |
| -                     | -          | -                                      |
| 242,500               | 85,192     | 157,308                                |
| 1,000                 | 1,490      | (490)                                  |
| 568,065               | 425,249    | 142,816                                |
| (471,558)             | (305,142)  | 166,416                                |
| 244,000               | 430,000    | 186,000                                |
| (5,000)               | (5,821)    | (821)                                  |
| 239,000               | 424,179    | 185,179                                |
| (232,558)             | 119,037    | 351,595                                |
| 727,007               | 727,007    | -                                      |
| \$ 494,449            | \$ 846,044 | \$ 351,595                             |

## **Notes to Financial Statements**

**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**I. Summary of significant accounting policies**

**A. Financial reporting entity:**

The accounting policies of Tyrone Township conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Tyrone Township (the primary government) and its component units. There are no component units of the Township.

Hartland Deerfield Tyrone Fire Authority:

- Serves several communities outside of Tyrone Township
- Is legally organized as a joint venture with Tyrone Township, Hartland Township, and Deerfield Township and are financed primarily through contributions from the above municipalities.

The Hartland Deerfield Tyrone Fire Authority has a March 31, year-end. Audited financial statements of the authorities for the year ended March 31, 2004 will be available for public inspection at authority headquarters.

**B. Basis of presentation - fund accounting:**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**FIDUCIARY FUNDS**

**Agency Funds** - Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**I. Summary of significant accounting policies - (continued)**

**C. Basis of accounting:**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period), or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include most federal intergovernmental revenues (e.g. federal grants) and charges for services. Most state intergovernmental revenues (e.g. income taxes) licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources.

The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Township does not currently have any proprietary funds.

**D. Budgetary data:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to February 1, the supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution in accordance with Public Act 621 of the State of Michigan.
4. The Supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the Township Board.



**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**I. Summary of significant accounting policies - (continued)**

**D. Budgetary data: (continued)**

5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. The amount of encumbrances at year end is not known. Also, all budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budget appropriations lapse at year-end except for approved contracts which are appropriated on a contract (grant) length basis.

Budgeted amounts are reported on the financial statements as originally adopted or as amended by the Township Board.

**E. Assets, liabilities, and fund equity:**

**1. Fixed assets and long-term liabilities**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets (expendable available financial resources) and current liabilities (those expected to be liquidated with expendable financial resources) are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**I. Summary of significant accounting policies - (continued)**

**E. Assets, liabilities, and fund equity: (continued)**

1. Fixed assets and long-term liabilities (continued)

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

2. Deposits and investments

Deposits are carried at cost plus accrued interest. Deposits consist of certificates of deposit, savings accounts, and checking accounts.

The carrying amount of deposits is separately displayed on the balance sheet as "cash and cash equivalents."

Investments are stated at cost which approximates market (see Note II A.1).

**F. Revenues, expenditures, and expenses:**

1. Accumulated unpaid vacation pay

Vacation time may not be carried over, and any remaining time at the end of the year is paid to the employee prior to year end.

2. Property taxes

The Township levies property taxes on December 1 each year, and are payable without penalty through February 28. These taxes become liens on the property at that date. The revenues generated by the tax levy are recognized as revenue in the fiscal year of the levy date. Revenues generated by the levy of a 1% property tax administrative fee are recognized on a cash basis.

**G. Total columns on the General Purpose Financial Statements:**

Certain total columns on the General Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**H. Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**I. Summary of significant accounting policies - (continued)**

**I. Deficit fund balance:**

The Runyan Lake Sanitary Sewer Debt Service Fund had a deficit fund balance of \$46,877 as of March 31, 2004. The fund incurred expenditures to pay-off the outstanding debt obligation at less than originally expected. The deficit will be eliminated upon receipt of special assessments receivable.

The Silver Lake Estates Road Special Revenue Fund had a deficit fund balance of \$79,811 at March 31, 2004. The deficit occurred as a result of payment of paving contract prior to receipt of amounts assessed to residents. The deficit should be eliminated upon receipt of special assessments in receivable.

**II. Detail notes on all funds and account groups**

**A. Assets and liabilities:**

**1. Deposits and investments**

**Deposits:**

The Township's deposits consist of checking, savings accounts, and certificates of deposit. At year end, the carrying amount of the Township's deposits was \$1,105,337, including petty cash of \$141. The bank balance was \$1,186,274, of which \$308,395 or 32% was FDIC insured. The book balance was below the bank balance due to outstanding checks at year end.

**Investments:**

State statutes authorize the Township to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. Government and U.S. agencies, banker's acceptances of U.S. banks, and mutual funds or investment pools comprised of the above authorized investments. The Township has adopted the above law as its investment policy, in addition, the Township has authorized the Township Treasurer to invest in the following depositories: State Bank of Fenton, Citizens Bank, Bank One, Michigan Governmental Investment Trust, MBIA, Standard Federal Bank, Flagstar Bank, and National City Bank. The Township's investments are categorized to give an indication of the level of risk assumed by the entity at year end. The Township invests in Governmental Mutual Fund sweep accounts that are comprised of repurchase agreements for which the underlying collateral is uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department, or agent not in the Township's name. The carrying value and market value of the underlying securities held in this category at March 31, 2004 were:

|                           | <u>Carrying Value</u> | <u>Market Value</u> | <u>Fund</u> |
|---------------------------|-----------------------|---------------------|-------------|
| Governmental Mutual Funds | <u>\$971,184</u>      | <u>\$971,184</u>    | Various     |

The Township's investments in Government Security Mutual Funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**II. Detail notes on all funds and account groups - (continued)**

**A. Assets and liabilities: - (continued)**

**2. Changes in general fixed assets**

|                                    | Balance<br><u>April 1, 2003</u> | <u>Additions</u>   | <u>Deletions</u> | Balance<br><u>March 31, 2004</u> |
|------------------------------------|---------------------------------|--------------------|------------------|----------------------------------|
| Land                               | \$ 43,100                       | \$ -               | \$ -             | \$ 43,100                        |
| Land improvements                  | 69,046                          | 1,490              | -                | 70,536                           |
| Buildings                          | 424,897                         | 1,500              | -                | 426,397                          |
| Equipment                          | 137,916                         | 54,611             | -                | 192,527                          |
| Runyan Lake Sewer Phase I          | 1,405,242                       | -                  | -                | 1,405,242                        |
| Runyan Lake Sewer Phase II         | 489,771                         | -                  | -                | 489,771                          |
| Lake Tyrone Sewer                  | 591,645                         | -                  | -                | 591,645                          |
| Sewer pipeline corridor            | 294,548                         | 124,089            | -                | 418,637                          |
| 2003 Sanitary Sewer Infrastructure | -                               | 8,061,500          | -                | 8,061,500                        |
|                                    | <u>\$3,456,165</u>              | <u>\$8,243,190</u> | <u>\$ 0-</u>     | <u>\$11,699,355</u>              |

**3. Long-term debt**

The following is a summary of the Township's general long-term debt outstanding as of March 31, 2004, all of which represents general obligations of the Township:

|  | Balance<br><u>April 1, 2003</u> | <u>Additions</u>   | <u>Deletions</u> | Balance<br><u>March 31, 2004</u> |
|--|---------------------------------|--------------------|------------------|----------------------------------|
| Special Assessment-Government commitment:          |                                 |                    |                  |                                  |
| Runyan Lake Bond Series 1988                       | \$210,000                       | \$ -               | \$210,000        | \$ -                             |
| Lake Tyrone Bond Series 1988                       | 4,040                           | -                  | 4,040            | -                                |
| Runyan Lake Bond Series 1993                       | 170,000                         | -                  | 170,000          | -                                |
| Carmer Road Note-1993                              | 13,140                          | -                  | 13,140           | -                                |
| General Obligation debt:                           |                                 |                    |                  |                                  |
| Hartland Deerfield Tyrone Fire Authority contract  | -                               | 291,828            | -                | 291,828                          |
| Livingston County Sanitary Sewer Improvement bonds | -                               | 7,725,000          | -                | 7,725,000                        |
| Total  | <u>\$397,180</u>                | <u>\$8,016,828</u> | <u>\$397,180</u> | <u>\$8,016,828</u>               |

**Runyan Lake Bond - Series 1988**

On March 16, 1988, Tyrone Township, through Livingston County, issued \$ 1,265,000 in Drainage District Bonds. The Runyan Lake Sanitary Sewer Drain Bonds Series 1988, (The Runyan Lake Bonds), were issued pursuant to Act 40, Public Acts of Michigan, 1956 as amended. They are primarily payable from collections of special assessment against the benefited properties in the District. During 2004, Livingston County offered early pay-off at less than the original commitments. The Township remitted the requested amount as final payment on the debt.

**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**II. Detail notes on all funds and account groups - (continued)**

**A. Assets and liabilities: - (continued)**

**3. Long-term debt – (continued)**

**Runyan Lake Bonds - Series 1993**

On November 10, 1993, Tyrone Township, through Livingston County, issued \$330,000 in Drainage District Bonds. The Runyan Lake Sanitary Sewer Drain (Service Area II) bonds, Series 1988 (Runyan Lake Bonds - Series 1993) were issued pursuant to Act 40, Public Acts of Michigan, 1956, as amended. They are primarily payable from special assessments against the benefited properties in the District. During 2004, Livingston County offered early pay-off at less than the original commitments. The Township remitted the requested amount as final payment on the debt.

**Hartland, Deerfield, Tyrone Fire Authority:**

During October 2003, the Township entered into an agreement to create the Hartland Deerfield Tyrone Fire Authority. According to the Articles of Incorporation, the Township was required to pay its allocation of the costs of fire department equipment from Harland Township. The allocation totaled \$291,828 and is payable in three annual installments of \$97,276.

| <u>April 1</u> | <u>Interest<br/>% Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|----------------|----------------------------|------------------|-----------------|------------------|
| 2004           | 0.0%                       | \$ 97,276        | \$ -            | \$ 97,276        |
| 2005           | 0.0                        | 97,276           | -               | 97,276           |
| 2006           | 0.0                        | 97,276           | -               | 97,276           |
|                |                            | <u>\$291,828</u> | <u>\$ -0-</u>   | <u>\$291,828</u> |

**Tyrone Township Sewer Bonds - Series 2003**

On September 17, 2003, Tyrone Township, through Livingston County, issued \$7,725,000 in Sanitary Sewer Improvement Bonds. The Livingston County Sanitary Sewer Improvement Bonds Series 2033 (Tyrone Township Sewer Bonds) were issued pursuant to Act 185 and 342, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the District. The bonds are dated August 27, 2003 with interest payable November 1 and May 1, beginning on November 1, 2003. Annual maturities of Tyrone Township Series 2003 are as follows:

| <u>May 1</u> | <u>Interest % Rate</u> | <u>Principal</u>   | <u>Interest</u>    | <u>Total</u>        |
|--------------|------------------------|--------------------|--------------------|---------------------|
| 2004         | 3.00%                  | \$ 300,000         | \$ 312,419         | \$ 612,419          |
| 2005         | 3.00                   | 300,000            | 303,419            | 603,419             |
| 2006         | 3.00                   | 315,000            | 294,194            | 609,194             |
| 2007         | 3.00                   | 325,000            | 284,594            | 609,594             |
| 2008         | 3.25                   | 335,000            | 274,275            | 609,275             |
| 2009-2013    | 3.50-4.00              | 1,790,000          | 1,185,804          | 2,975,804           |
| 2014-2018    | 4.125-4.50             | 1,975,000          | 806,633            | 2,781,633           |
| 2019-2023    | 4.75-5.00              | 2,385,000          | 303,850            | 2,688,850           |
|              |                        | <u>\$7,725,000</u> | <u>\$3,765,188</u> | <u>\$11,490,188</u> |

**Tyrone Township  
Notes to Financial Statements  
March 31, 2004**

**II. Detail notes on all funds and account groups - (continued)**

**B. Revenues and expenditures:**

**1. Property taxes**

Property taxes are levied based on taxable values of property located in the Township. Taxable values are limited to annual inflationary increases except for sales of property, which are adjusted to market value. Assessed values are established annually and determined by the state at an estimated 50% of current market value. A comparison of assessed and taxable property values for the 2003 tax levy is as follows:

|                          | <u>Assessed Value</u> | <u>Taxable Value</u> | <u>Factor</u> |
|--------------------------|-----------------------|----------------------|---------------|
| Advelorem:               |                       |                      |               |
| Real property            | \$453,475,719         | \$343,234,827        |               |
| Personal property        | 11,868,148            | 11,318,335           |               |
| Subtotal                 | <u>465,343,867</u>    | <u>354,553,162</u>   | <u>1.31</u>   |
| Industrial Facility tax: |                       |                      |               |
| Real property            | 1,962,683             | 1,962,683            |               |
| Personal property        | 15,335,778            | 15,335,778           |               |
| Subtotal                 | <u>17,298,461</u>     | <u>17,298,461</u>    |               |
| Total                    | <u>\$482,642,328</u>  | <u>\$371,851,623</u> | <u>1.30</u>   |

The Township is permitted by general law to levy mills each year as determined by the allocation board for the year ended March 31, 2004, the maximum levy was \$20.00 (20 mills) per \$1,000 of taxable value for general governmental services. For the year ended March 31, 2004, the Township levied 0.931 mills.

**2. Pension Plan**

The Township has qualified, contributory pension plan covering all elected officials established by Ordinance No. 31. The plan generally requires contributions of 10% of covered wages of participating employees. The employer contributes 75% and the employees contribute 25% of the required contribution. Pension expense charged to operations for the year ended March 31, 2004 was \$8,318.

The Township's total payroll for the year ended March 31, 2004 was \$314,516. Contributions were based on the base salary of \$87,597 during the plan period, which is April 1, 2003 through March 31, 2004. The Township and the covered employees made the required contributions of \$9,437 and \$2,773, respectively, which were 9.1% and 3.1%, respectively, of covered payroll.

**3. Runyan Lake, Lake Tyrone, and Sanitary Sewer - 2003 Sewer Projects**

On March 1, 1988, the Township Board amended the August 19, 1986 Runyan Lake Sewer Project special assessment roll. The assessment is intended to meet the debt service requirements of a \$1,265,000 bond issue, which financed the construction of a sanitary drain pursuant to Section 463 of Chapter 20 of the Drain Code of Michigan, 1956. The debt related to this project was apportioned against Tyrone and Hartland Townships at 40.415% and 59.585%, respectively and was being spread over fifteen years.

**Tyrone Township  
Notes to Financial Statements  
March 31, 2004**

**II. Detail notes on all funds and account groups - (continued)**

**B. Revenues and expenditures: - (continued)**

**3. Runyan Lake and Lake Tyrone Sewer Projects – (continued)**

On June 21, 1988, the board confirmed the Lake Tyrone sanitary sewer drain special assessment roll. The assessment amounting to \$ 520,400 was levied to meet the Township's debt service requirements in connection with the \$1,250,000 Lake Tyrone drainage district bonds issued by Livingston County pursuant to the Drain Code of Michigan, 1956. The bonded debt related to this project was apportioned against Tyrone and Hartland Townships at 40.415% and 59.585%, respectively, and is being spread over fifteen years.

During 2004, the board confirmed the Tyrone Township Sanitary Sewer Special Assessment roll. The assessment is intended to meet the debt service requirements of a \$7,725,000 bond issue, which will finance the construction of a sanitary sewer system, which is owned and operated by Livingston County. The bonded debt of the project is being spread over 20 years.

**4. Operating transfers**

A reconciliation of the Township's operating transfers at March 31, 2004 is as follows:

| <u>Transfer from</u>   | <u>Transfer to</u>           | <u>Amount</u>    |
|------------------------|------------------------------|------------------|
| General Fund           | Township Improvement Fund    | \$430,000        |
| Road Improvement Fund  | Carmer Road Improvement Fund | 821              |
| Rental Properties Fund | General Fund                 | <u>5,000</u>     |
|                        |                              | <u>\$435,821</u> |

**5. Interfund balances**

Interfund balances are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>                     | <u>Amount</u>    |
|------------------------|---|------------------|
| General Fund           | Runyan Lake Sanitary<br>Sewer Fund      | \$ 74,052        |
| Road Improvement Fund  | Silver Lake Estates Road<br>Paving Fund | <u>81,072</u>    |
|                        |   | <u>\$155,124</u> |

**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**III. Budget information**

The following funds incurred expenditures in excess of appropriations:

|                                 | <u>Budget</u> | <u>Actual</u> | <u>Actual<br/>over<br/>Budget</u> |
|---------------------------------|---------------|---------------|-----------------------------------|
| General Funds:                  |               |               |                                   |
| Public Works                    | \$ 14,400     | \$ 18,372     | \$ 3,972                          |
| Capital Outlay                  | 1,800         | 2,104         | 304                               |
| Special Revenue Funds:          |               |               |                                   |
| Liquor Law Enforcement:         |               |               |                                   |
| Public Safety                   | 950           | 1,520         | 570                               |
| Building and Site:              |               |               |                                   |
| Capital Outlay                  | 1,000         | 1,490         | 490                               |
| Township Improvements:          |               |               |                                   |
| Public Works                    | 100,000       | 124,088       | 24,088                            |
| Jayne Hill Lighting Assessment: |               |               |                                   |
| Public Works                    | 1,000         | 1,054         | 54                                |

**IV. Risk management activities**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for these claims. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**V. Construction code revenues/expenditures**

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The Act allows for monitoring these funds in a separate activity center within the General Fund and reserving General Fund fund balance for the excess of building departments revenues over expenditures since adoption of the Act. The activity related to construction code activity for the year ended March 31, 2004 within General Fund is as follows:

|   |                    |
|---|--------------------|
| Construction permit revenue                       | \$ 14,720          |
| Building department expenditures                  | <u>(45,159)</u>    |
| Current year revenue over<br>(under) expenditures | <u>\$ (30,439)</u> |

There is no carryforward balance of construction code revenues.



**Tyrone Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**VI. Joint venture – Fire Authority**

In October 2003, Tyrone Township entered into a joint venture with Hartland Township and Deerfield Township to create the Hartland Deerfield Tyrone Fire Authority. The purpose of the Authority is to provide uniform and orderly control of fire protection, fire department practices and organizations and financing within the territorial limits of three municipalities. The Authority is governed by a three-member board appointed by the governing bodies of the townships. The agreement calls for each municipality to pay for costs of the Authority.

A summary of selected financial information of the Fire Authority is not available at this time.

The Tyrone Township's interest in the Authority's net assets as of March 31, 2004 was approximately 34%.

**VII. Fund deficits**

The Runyan Lake Sanitary Sewer Debt Service Fund incurred a fund balance deficit in the amount of \$46,877 at March 31, 2004. The deficit occurred due to the early payoff of debt with Livingston County at a discount (see Note II B 3). The remaining special assessments are expected to eliminate the deficit.

The Silver Lake Estates Road Paving Special Revenue Fund incurred a fund balance deficit in the amount of \$79,811 at March 31, 2004. Management expects that future adjusted assessments will be adequate to eliminate the deficit.

## **Additional Information**

**Tyrone Township  
Special Revenue Funds  
Combining Balance Sheet  
March 31, 2004**

|   | <u>Public Improvement</u>         |                             |                              | <u>Township<br/>Improvement<br/>Revolving<br/>Fund</u> |
|---|-----------------------------------|-----------------------------|------------------------------|--|
| <b>Assets</b>                                 | <b>Liquor Law<br/>Enforcement</b> | <b>Road<br/>Improvement</b> | <b>Building<br/>and Site</b> |  |
| Cash and cash equivalents                     | \$ -                              | \$ 483,453                  | \$ 18,030                    | \$ 306,593   |
| Accounts receivable                           | -                                 | 219                         | 9                            | 108  |
| Due from other funds                          | -                                 | 81,072                      | -                            | -  |
| Special assessments:                          |                                   |                             |                              |  |
| Current                                       | -                                 | -                           | -                            | -  |
| Deferred                                      | -                                 | -                           | -                            | -  |
|   |                                   |                             |                              |  |
| Total assets                                  | \$ -0-                            | \$ 564,744                  | \$ 18,039                    | \$ 306,701   |
|   |                                   |                             |                              |  |
| <b>Liabilities</b>                            |                                   |                             |                              |  |
| Deferred revenue                              | \$ -                              | \$ -                        | \$ -                         | \$ -   |
| Due to other funds                            | -                                 | -                           | -                            | -  |
|   |                                   |                             |                              |  |
| Total liabilities                             | -                                 | -                           | -                            | -  |
|   |                                   |                             |                              |  |
| <b>Fund Balances</b>                          |                                   |                             |                              |  |
| Unreserved:                                   |                                   |                             |                              |  |
| Designated for road improvements (deficit)    | -                                 | 564,744                     | -                            | -  |
| Designated for building and site improvements | -                                 | -                           | 18,039                       | -  |
| Undesignated                                  | -                                 | -                           | -                            | 306,701  |
|   |                                   |                             |                              |  |
| Total fund balances (deficit)                 | -                                 | 564,744                     | 18,039                       | 306,701  |
|   |                                   |                             |                              |  |
| Total liabilities and fund balance            | \$ -0-                            | \$ 564,744                  | \$ 18,039                    | \$ 306,701   |

| <b>Rental<br/>Properties</b> | <b>Parkwood/<br/>Driftwood<br/>Maintenance</b> | <b>Jayne Hill<br/>Lighting<br/>Assessment</b> | <b>Walnut Drive<br/>Lighting<br/>Assessment</b> | <b>Sewer<br/>Project</b> | <b>Silver Lake<br/>Estates Road<br/>Paving</b> | <b>T o t a l s</b> |
|------------------------------|--|---|---|--------------------------|--|--------------------|
| \$ 14,804                    | \$ 2,728                                       | \$ 1,435                                      | \$ 139  | \$ 9,282                 | \$ 905   | \$ 837,369         |
| -                            | -  | 63  | -   | 7,920                    | -  | 8,319              |
| -                            | -  | -   | -   | -                        | -  | 81,072             |
| -                            | -  | -   | -   | -                        | 356  | 356                |
| -                            | -  | -   | -   | -                        | 67,328   | 67,328             |
| <b>\$ 14,804</b>             | <b>\$ 2,728</b>                                | <b>\$ 1,498</b>                               | <b>\$ 139</b>                                   | <b>\$ 17,202</b>         | <b>\$ 68,589</b>                               | <b>\$ 994,444</b>  |
| \$ -                         | \$ -   | \$ -  | \$ -  | \$ -                     | \$ 67,328                                      | \$ 67,328          |
| -                            | -  | -   | -   | -                        | 81,072   | 81,072             |
| -                            | -  | -   | -   | -                        | 148,400  | 148,400            |
| -                            | -  | -   | -   | -                        | -  | 564,744            |
| -                            | -  | -   | -   | -                        | -  | 18,039             |
| 14,804                       | 2,728  | 1,498   | 139   | 17,202                   | (79,811)                                       | 263,261            |
| 14,804                       | 2,728  | 1,498   | 139   | 17,202                   | (79,811)                                       | 846,044            |
| <b>\$ 14,804</b>             | <b>\$ 2,728</b>                                | <b>\$ 1,498</b>                               | <b>\$ 139</b>                                   | <b>\$ 17,202</b>         | <b>\$ 68,589</b>                               | <b>\$ 994,444</b>  |

**Tyrone Township**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended March 31, 2004**

|  | <u>Public Improvement</u>         |                             |                              | <b>Township<br/>Improvement<br/>Revolving<br/>Fund</b> |
|--|-----------------------------------|-----------------------------|------------------------------|--|
|  | <b>Liquor Law<br/>Enforcement</b> | <b>Road<br/>Improvement</b> | <b>Building<br/>and Site</b> |  |
| <b>Revenues:</b>   |                                   |                             |                              |  |
| Special assessments  | \$ -                              | \$ -                        | \$ -                         | \$ -   |
| Charges for services   | 1,520                             | -                           | -                            | -  |
| Interest   | -                                 | 5,053                       | 84                           | 555  |
| Rents and royalties  | -                                 | -                           | -                            | -  |
| Miscellaneous  | -                                 | -                           | -                            | 10,250   |
| Total revenues   | 1,520                             | 5,053                       | 84                           | 10,805   |
| <b>Expenditures:</b>   |                                   |                             |                              |  |
| General government - building and grounds  | -                                 | -                           | 4,784                        | -  |
| Public works   | -                                 | -                           | -                            | 124,088  |
| Public safety  | 1,520                             | -                           | -                            | -  |
| Highways and streets   | -                                 | 85,192                      | -                            | -  |
| Capital outlay   | -                                 | -                           | 1,490                        | -  |
| Total expenditures   | 1,520                             | 85,192                      | 6,274                        | 124,088  |
| Excess (deficiency) of<br>revenues over expenditures   | -                                 | (80,139)                    | (6,190)                      | (113,283)  |
| <b>Other financing sources:</b>  |                                   |                             |                              |  |
| Operating transfers in   | -                                 | -                           | 10,000                       | 400,000  |
| Operating transfers (out)  | -                                 | (821)                       | -                            | -  |
| Total other financing sources (uses)   | -                                 | (821)                       | 10,000                       | 400,000  |
| Excess (deficiency) of revenues<br>and other financing sources (over)<br>expenditures and financing uses | -                                 | (80,960)                    | 3,810                        | 286,717  |
| Fund balance at beginning of year  | -                                 | 645,704                     | 14,229                       | 19,984   |
| <b>Fund balance (deficit) at end of year</b>   | <b>\$ -0-</b>                     | <b>\$ 564,744</b>           | <b>\$ 18,039</b>             | <b>\$ 306,701</b>                                      |

| <b>Rental<br/>Properties</b> | <b>Parkwood/<br/>Driftwood<br/>Maintenance</b> | <b>Jayne Hill<br/>Lighting<br/>Assessment</b> | <b>Walnut Drive<br/>Lighting<br/>Assessment</b> | <b>Sewer<br/>Project</b> | <b>Silver Lake<br/>Estates Road<br/>Paving</b> | <b>Totals</b> |
|------------------------------|--|---|---|--------------------------|--|---------------|
| \$ -                         | \$ 1,000                                       | \$ 1,092                                      | \$ 110  | \$ -                     | \$ 30,636                                      | \$ 32,838     |
| -                            | -  | -   | -   | 50,215                   | -  | 51,735        |
| -                            | -  | -   | -   | -                        | 5,188  | 10,880        |
| 14,405                       | -  | -   | -   | -                        | -  | 14,405        |
| -                            | -  | -   | -   | -                        | -  | 10,250        |
| 14,405                       | 1,000  | 1,092   | 110   | 50,215                   | 35,824   | 120,108       |
| 3,715                        | -  | -   | -   | -                        | -  | 8,499         |
| -                            | -  | 1,054   | 107   | 57,274                   | -  | 182,523       |
| -                            | -  | -   | -   | -                        | -  | 1,520         |
| -                            | -  | -   | -   | -                        | 146,025  | 231,217       |
| -                            | -  | -   | -   | -                        | -  | 1,490         |
| 3,715                        | -  | 1,054   | 107   | 57,274                   | 146,025  | 425,249       |
| 10,690                       | 1,000  | 38  | 3   | (7,059)                  | (110,201)                                      | (305,141)     |
| -                            | -  | -   | -   | 20,000                   | -  | 430,000       |
| (5,000)                      | -  | -   | -   | -                        | -  | (5,821)       |
| (5,000)                      | -  | -   | -   | 20,000                   | -  | 424,179       |
| 5,690                        | 1,000  | 38  | 3   | 12,941                   | (110,201)                                      | 119,038       |
| 9,114                        | 1,728  | 1,460   | 136   | 4,261                    | 30,390   | 727,006       |
| \$ 14,804                    | \$ 2,728                                       | \$ 1,498                                      | \$ 139  | \$ 17,202                | \$ (79,811)                                    | \$ 846,044    |

**Tyrone Township  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2004**

|  |           | <b>Liquor Law Enforcement</b> |               |   |
|--|-----------|-------------------------------|---------------|---|
|  |           | <b>Budget</b>                 | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>   |           |                               |               |   |
| Special assessments  | \$        | -                             | \$            | -   |
| Charges for services   |           | 950                           | 1,520         | 570   |
| Interest   |           | -                             | -             | -   |
| Rents and royalties  |           | -                             | -             | -   |
| Miscellaneous  |           | -                             | -             | -   |
| Total revenues   |           | 950                           | 1,520         | 570   |
| <b>Expenditures:</b>   |           |                               |               |   |
| General government - building and grounds  |           | -                             | -             | -   |
| Public works   |           | -                             | -             | -   |
| Public safety  |           | 950                           | 1,520         | (570)   |
| Highways and streets   |           | -                             | -             | -   |
| Capital outlay   |           | -                             | -             | -   |
| Total expenditures   |           | 950                           | 1,520         | (570)   |
| Excess (deficiency) of<br>revenues over expenditures   |           | -                             | -             | -   |
| <b>Other financing sources:</b>  |           |                               |               |   |
| Operating transfers in   |           | -                             | -             | -   |
| Operating transfers (out)  |           | -                             | -             | -   |
| Total other financing sources (uses)   |           | -                             | -             | -   |
| Excess (deficiency) of revenues<br>and other financing sources (over)<br>expenditures and financing uses |           | -                             | -             | -   |
| Fund balance at beginning of year  |           | -                             | -             | -   |
| <b>Fund balance (deficit) at end of year</b>   | <b>\$</b> | <b>-0-</b>                    | <b>\$</b>     | <b>-0-</b>                                      |

**Public Improvement**

| <b>Road Improvement</b> |               |   |
|-------------------------|---------------|---|
| <b>Budget</b>           | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| \$ -                    | \$ -          | \$ -  |
| -                       | -             | -   |
| 11,000                  | 5,053         | (5,947)   |
| -                       | -             | -   |
| -                       | -             | -   |
| 11,000                  | 5,053         | (5,947)   |
| -                       | -             | -   |
| -                       | -             | -   |
| -                       | -             | -   |
| 242,500                 | 85,192        | 157,308   |
| -                       | -             | -   |
| 242,500                 | 85,192        | 157,308   |
| (231,500)               | (80,139)      | 151,361   |
| -                       | -             | -   |
| -                       | (821)         | (821)   |
| -                       | (821)         | (821)   |
| (231,500)               | (80,960)      | 150,540   |
| 645,704                 | 645,704       | -   |
| \$ 414,204              | \$ 564,744    | \$ 150,540                                      |

| <b>Building and Site</b> |               |   |
|--------------------------|---------------|---|
| <b>Budget</b>            | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| \$ -                     | \$ -          | \$ -  |
| -                        | -             | -   |
| 110                      | 83            | (27)  |
| -                        | -             | -   |
| -                        | -             | -   |
| 110                      | 83            | (27)  |
| 7,000                    | 4,784         | 2,216   |
| -                        | -             | -   |
| -                        | -             | -   |
| -                        | -             | -   |
| 1,000                    | 1,490         | (490)   |
| 8,000                    | 6,274         | 1,726   |
| (7,890)                  | (6,191)       | 1,699   |
| 10,000                   | 10,000        | -   |
| -                        | -             | -   |
| 10,000                   | 10,000        | -   |
| 2,110                    | 3,809         | 1,699   |
| 14,230                   | 14,230        | -   |
| \$ 16,340                | \$ 18,039     | \$ 1,699  |



**Tyrone Township**  
**Special Revenue Funds (continued)**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended March 31, 2004**

|  |           | <b>Township Improvement Revolving Fund</b> |                   |                                    |
|--|-----------|--|-------------------|------------------------------------|
|  |           |  |                   | <b>Variance</b>                    |
|  |           | <b>Budget</b>                              | <b>Actual</b>     | <b>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>   |           |  |                   |                                    |
| Special assessments  | \$        | -  | \$                | -                                  |
| Charges for services   |           | -  | -                 | -                                  |
| Interest   |           | 600  | 555               | (45)                               |
| Rents and royalties  |           | -  | -                 | -                                  |
| Miscellaneous  |           | -  | 10,250            | 10,250                             |
| Total revenues   |           | 600  | 10,805            | 10,205                             |
| <b>Expenditures:</b>   |           |  |                   |                                    |
| General government - building and grounds  |           | -  | -                 | -                                  |
| Public works   |           | 100,000                                    | 124,088           | (24,088)                           |
| Public safety  |           | -  | -                 | -                                  |
| Highways and streets   |           | -  | -                 | -                                  |
| Capital outlay   |           | -  | -                 | -                                  |
| Total expenditures   |           | 100,000                                    | 124,088           | (24,088)                           |
| Excess (deficiency) of<br>revenues over expenditures   |           | (99,400)                                   | (113,283)         | (13,883)                           |
| <b>Other financing sources:</b>  |           |  |                   |                                    |
| Operating transfers in   |           | 200,000                                    | 400,000           | 200,000                            |
| Operating transfers (out)  |           | -  | -                 | -                                  |
| Total other financing sources (uses)   |           | 200,000                                    | 400,000           | 200,000                            |
| Excess (deficiency) of revenues<br>and other financing sources (over)<br>expenditures and financing uses |           | 100,600                                    | 286,717           | 186,117                            |
| Fund balance at beginning of year  |           | 19,984                                     | 19,984            | -                                  |
| <b>Fund balance at end of year</b>   | <b>\$</b> | <b>120,584</b>                             | <b>\$ 306,701</b> | <b>\$ 186,117</b>                  |

| Rental Properties |           |  |
|-------------------|-----------|--|
| Budget            | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| \$ -              | \$ -      | \$ -                                   |
| -                 | -         | -                                      |
| -                 | -         | -                                      |
| 12,000            | 14,405    | 2,405                                  |
| -                 | -         | -                                      |
| 12,000            | 14,405    | 2,405                                  |
| 5,500             | 3,715     | 1,785                                  |
| -                 | -         | -                                      |
| -                 | -         | -                                      |
| -                 | -         | -                                      |
| -                 | -         | -                                      |
| 5,500             | 3,715     | 1,785                                  |
| 6,500             | 10,690    | 4,190                                  |
| -                 | -         | -                                      |
| (5,000)           | (5,000)   | -                                      |
| (5,000)           | (5,000)   | -                                      |
| 1,500             | 5,690     | 4,190                                  |
| 9,114             | 9,114     | -                                      |
| \$ 10,614         | \$ 14,804 | \$ 4,190                               |

| Parkwood/Driftwood Maintenance |          |  |
|--------------------------------|----------|--|
| Budget                         | Actual   | Variance<br>Favorable<br>(Unfavorable) |
| \$ 500                         | \$ 1,000 | \$ 500                                 |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| 500                            | 1,000    | 500                                    |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| 500                            | 1,000    | 500                                    |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| -                              | -        | -                                      |
| 500                            | 1,000    | 500                                    |
| 1,728                          | 1,728    | -                                      |
| \$ 2,228                       | \$ 2,728 | \$ 500                                 |

**Tyrone Township  
Special Revenue Funds (continued)  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2004**

|  |  | <b>Jayne Hill<br/>Lighting Assessment</b> |                        |   |
|--|--|---|------------------------|---|
|  |  | <b>Budget</b>                             | <b>Actual</b>          | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>   |  |   |                        |   |
| Special assessments  |  | \$ 1,092                                  | \$ 1,092               | \$ -  |
| Charges for services   |  | -   | -                      | -   |
| Interest   |  | -   | -                      | -   |
| Rents and royalties  |  | -   | -                      | -   |
| Miscellaneous  |  | -   | -                      | -   |
| Total revenues   |  | <u>1,092</u>                              | <u>1,092</u>           | <u>-</u>  |
| <b>Expenditures:</b>   |  |   |                        |   |
| General government - building and grounds  |  | -   | -                      | -   |
| Public works   |  | 1,000                                     | 1,054                  | (54)  |
| Public safety  |  | -   | -                      | -   |
| Highways and streets   |  | -   | -                      | -   |
| Capital outlay   |  | -   | -                      | -   |
| Total expenditures   |  | <u>1,000</u>                              | <u>1,054</u>           | <u>(54)</u>                                     |
| Excess (deficiency) of<br>revenues over expenditures   |  | <u>92</u>                                 | <u>38</u>              | <u>(54)</u>                                     |
| <b>Other financing sources:</b>  |  |   |                        |   |
| Operating transfers in   |  | -   | -                      | -   |
| Operating transfers (out)  |  | -   | -                      | -   |
| Total other financing sources (uses)   |  | <u>-</u>                                  | <u>-</u>               | <u>-</u>  |
| Excess (deficiency) of revenues<br>and other financing sources (over)<br>expenditures and financing uses |  | <u>92</u>                                 | <u>38</u>              | <u>(54)</u>                                     |
| Fund balance at beginning of year  |  | <u>1,460</u>                              | <u>1,460</u>           | <u>-</u>  |
| <b>Fund balance at end of year</b>   |  | <u><u>\$ 1,552</u></u>                    | <u><u>\$ 1,498</u></u> | <u><u>\$ (54)</u></u>                           |

| Walnut Drive<br>Lighting Assessment |        |  |
|-------------------------------------|--------|--|
| Budget                              | Actual | Variance<br>Favorable<br>(Unfavorable) |
| \$ 110                              | \$ 110 | \$ -                                   |
| -                                   | -      | -                                      |
| -                                   | -      | -                                      |
| -                                   | -      | -                                      |
| -                                   | -      | -                                      |
| 110                                 | 110    | -                                      |
| -                                   | -      | -                                      |
| 115                                 | 107    | 8                                      |
| -                                   | -      | -                                      |
| -                                   | -      | -                                      |
| -                                   | -      | -                                      |
| 115                                 | 107    | 8                                      |
| (5)                                 | 3      | 8                                      |
| -                                   | -      | -                                      |
| -                                   | -      | -                                      |
| -                                   | -      | -                                      |
| (5)                                 | 3      | 8                                      |
| 136                                 | 136    | -                                      |
| \$ 131                              | \$ 139 | \$ 8                                   |

| Sewer<br>Project |           |  |
|------------------|-----------|--|
| Budget           | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| \$ -             | \$ -      | \$ -                                   |
| 37,440           | 50,215    | 12,775                                 |
| -                | -         | -                                      |
| -                | -         | -                                      |
| -                | -         | -                                      |
| 37,440           | 50,215    | 12,775                                 |
| -                | -         | -                                      |
| 65,000           | 57,274    | 7,726                                  |
| -                | -         | -                                      |
| -                | -         | -                                      |
| -                | -         | -                                      |
| 65,000           | 57,274    | 7,726                                  |
| (27,560)         | (7,059)   | 20,501                                 |
| 34,000           | 20,000    | (14,000)                               |
| -                | -         | -                                      |
| 34,000           | 20,000    | (14,000)                               |
| 6,440            | 12,941    | 6,501                                  |
| 4,261            | 4,261     | -                                      |
| \$ 10,701        | \$ 17,202 | \$ 6,501                               |

**Tyrone Township  
Special Revenue Funds (continued)  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2004**

|  | <b>Silver<br/>Lake Estates<br/>Paving</b> |                           |   |
|--|---|---------------------------|---|
|  | <b>Budget</b>                             | <b>Actual</b>             | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>   |   |                           |   |
| Special assessments  | \$ 26,180                                 | \$ 30,636                 | \$ 4,456  |
| Charges for services   | -   | -                         | -   |
| Interest   | 6,525                                     | 5,188                     | (1,337)   |
| Rents and royalties  | -   | -                         | -   |
| Miscellaneous  | -   | -                         | -   |
| Total revenues   | <u>32,705</u>                             | <u>35,824</u>             | <u>3,119</u>                                    |
| <b>Expenditures:</b>   |   |                           |   |
| General government - building and grounds  | -   | -                         | -   |
| Public works   | 145,000                                   | 146,025                   | (1,025)   |
| Public safety  | -   | -                         | -   |
| Highways and streets   | -   | -                         | -   |
| Capital outlay   | -   | -                         | -   |
| Total expenditures   | <u>145,000</u>                            | <u>146,025</u>            | <u>(1,025)</u>                                  |
| Excess (deficiency) of<br>revenues over expenditures   | <u>(112,295)</u>                          | <u>(110,201)</u>          | <u>2,094</u>                                    |
| <b>Other financing sources:</b>  |   |                           |   |
| Operating transfers in   | -   | -                         | -   |
| Operating transfers (out)  | -   | -                         | -   |
| Total other financing sources (uses)   | <u>-</u>                                  | <u>-</u>                  | <u>-</u>  |
| Excess (deficiency) of revenues<br>and other financing sources (over)<br>expenditures and financing uses | <u>(112,295)</u>                          | <u>(110,201)</u>          | <u>2,094</u>                                    |
| Fund balance at beginning of year  | <u>30,390</u>                             | <u>30,390</u>             | <u>-</u>  |
| <b>Fund balance at end of year</b>   | <u><u>\$ (81,905)</u></u>                 | <u><u>\$ (79,811)</u></u> | <u><u>\$ 2,094</u></u>                          |

| Totals     |            |  |
|------------|------------|--|
| Budget     | Actual     | Variance<br>Favorable<br>(Unfavorable) |
| \$ 27,882  | \$ 32,838  | \$ 4,956                               |
| 38,390     | 51,735     | 13,345                                 |
| 18,235     | 10,879     | (7,356)                                |
| 12,000     | 14,405     | 2,405                                  |
| -          | 10,250     | 10,250                                 |
| 96,507     | 120,107    | 23,600                                 |
| 12,500     | 8,499      | 4,001                                  |
| 311,115    | 328,548    | (17,433)                               |
| 950        | 1,520      | (570)                                  |
| 242,500    | 85,192     | 157,308                                |
| 1,000      | 1,490      | (490)                                  |
| 568,065    | 425,249    | 142,816                                |
| (471,558)  | (305,142)  | 166,416                                |
| 244,000    | 430,000    | 186,000                                |
| (5,000)    | (5,821)    | (821)                                  |
| 239,000    | 424,179    | 185,179                                |
| (232,558)  | 119,037    | 351,595                                |
| 727,007    | 727,007    | -                                      |
| \$ 494,449 | \$ 846,044 | \$ 351,595                             |

**Tyrone Township  
Debt Service Funds  
Combining Balance Sheet  
March 31, 2004**

|                                      | <u>Runyan Lake<br/>Sanitary Sewer</u> | <u>Tyrone Lake<br/>Sanitary Sewer</u> |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Assets</b>                        |                                       |                                       |
| Cash and cash equivalents            | \$ 20,772                             | \$ -                                  |
| Accounts receivable                  | 9                                     | -                                     |
| Special assessments:                 |                                       |                                       |
| Current                              | 6,394                                 | -                                     |
| Deferred                             | 104,746                               | -                                     |
|                                      | <hr/>                                 | <hr/>                                 |
| Total assets                         | \$ 131,921                            | \$ - 0 -                              |
|                                      | <hr/>                                 | <hr/>                                 |
| <b>Liabilities and Fund Balances</b> |                                       |                                       |
| <b>Liabilities:</b>                  |                                       |                                       |
| Due to other funds                   | \$ 74,052                             | \$ -                                  |
| Deferred revenue                     | 104,746                               | -                                     |
|                                      | <hr/>                                 | <hr/>                                 |
| Total liabilities                    | 178,798                               | -                                     |
|                                      | <hr/>                                 | <hr/>                                 |
| <b>Fund Balances:</b>                |                                       |                                       |
| <b>Unreserved:</b>                   |                                       |                                       |
| Designated for debt service          | -                                     | -                                     |
| Undesignated                         | (46,877)                              | -                                     |
|                                      | <hr/>                                 | <hr/>                                 |
| Total fund balance (deficit)         | (46,877)                              | -                                     |
|                                      | <hr/>                                 | <hr/>                                 |
| Total liabilities and fund balances  | \$ 131,921                            | \$ - 0 -                              |
|                                      | <hr/>                                 | <hr/>                                 |

| Sanitary Sewer<br>2003 | Carmer Road<br>Improvement | T o t a l s   |
|------------------------|----------------------------|---------------|
| \$ 555,964             | \$ -                       | \$ 576,736    |
| 400                    | -                          | 409           |
| 383,005                | -                          | 389,399       |
| 10,393,095             | -                          | 10,497,841    |
| \$ 11,332,464          | \$ - 0 -                   | \$ 11,464,385 |

|            |      |            |
|------------|------|------------|
| \$ -       | \$ - | \$ 74,052  |
| 10,393,095 | -    | 10,497,841 |
| 10,393,095 | -    | 10,571,893 |

|               |          |               |
|---------------|----------|---------------|
| 939,369       | -        | 939,369       |
| -             | -        | (46,877)      |
| 939,369       | -        | 892,492       |
| \$ 11,332,464 | \$ - 0 - | \$ 11,464,385 |



**Tyrone Township  
Debt Service Funds  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended March 31, 2004**

|  | <b>Runyan Lake<br/>Sanitary Sewer</b> | <b>Tyrone Lake<br/>Sanitary Sewer</b> |
|--|---------------------------------------|---------------------------------------|
| <b>Revenues:</b>                                     |                                       |                                       |
| Special assessments                                  | \$ 40,668                             | \$ -                                  |
| Interest   | 9,961                                 | 597                                   |
| Total revenues                                       | <u>50,629</u>                         | <u>597</u>                            |
| <b>Expenditures:</b>                                 |                                       |                                       |
| Debt service:  |                                       |                                       |
| Principal  | 198,780                               | 3,137                                 |
| Bank Service Charges                                 | -                                     | -                                     |
| Interest   | 21,665                                | 248                                   |
| Miscellaneous  | -                                     | 53,818                                |
| Total expenditures                                   | <u>220,445</u>                        | <u>57,203</u>                         |
| Excess (deficiency) of<br>revenues over expenditures | (169,816)                             | (56,606)                              |
| <b>Other financing sources:</b>                      |                                       |                                       |
| Transfers in   | -                                     | -                                     |
| Net change in fund balance                           | (169,816)                             | (56,606)                              |
| Fund balance at beginning of year                    | <u>122,939</u>                        | <u>56,606</u>                         |
| <b>Fund balance (deficit) at end of year</b>         | <u><u>\$ (46,877)</u></u>             | <u><u>\$ - 0 -</u></u>                |

| <b>Sanitary Sewer<br/>2003</b> | <b>Carmer Road<br/>Improvement</b> | <b>T o t a l s</b> |
|--------------------------------|------------------------------------|--------------------|
| \$ 969,463                     | \$ -                               | \$ 1,010,131       |
| 306,457                        | -                                  | 317,015            |
| 1,275,920                      | -                                  | 1,327,146          |
| 336,500                        | 13,140                             | 551,557            |
| 51                             | -                                  | 51                 |
| -                              | 310                                | 22,223             |
| -                              | -                                  | 53,818             |
| 336,551                        | 13,450                             | 627,649            |
| 939,369                        | (13,450)                           | 699,497            |
| -                              | 821                                | 821                |
| 939,369                        | (12,629)                           | 700,318            |
| -                              | 12,629                             | 192,174            |
| \$ 939,369                     | \$ - 0 -                           | \$ 892,492         |

**Tyrone Township  
Agency Funds  
Combining Balance Sheet  
March 31, 2004**

|                                 | <b>Trust and<br/>Agency</b> | <b>Runyan Lake<br/>Sanitary Fund</b> | <b>Totals</b>     |
|---------------------------------|-----------------------------|--------------------------------------|-------------------|
| <b>Assets</b>                   |                             |                                      |                   |
| Cash and cash equivalents       | \$ 100,235                  | \$ 21,121                            | \$ 121,356        |
| Accounts receivable             | -                           | 9                                    | 9                 |
| Total assets                    | <u>\$ 100,235</u>           | <u>\$ 21,130</u>                     | <u>\$ 121,365</u> |
| <b>Liabilities</b>              |                             |                                      |                   |
| Due to other funds              | \$ 5                        | \$ -                                 | \$ 5              |
| Due to other governmental units | 49,897                      | 6,350                                | 56,247            |
| Due to individuals              | 825                         | 14,780                               | 15,605            |
| Performance deposits            | 49,508                      | -                                    | 49,508            |
| Total liabilities               | <u>\$ 100,235</u>           | <u>\$ 21,130</u>                     | <u>\$ 121,365</u> |

**Tyrone Township  
Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year Ended March 31, 2004**

|   | Balance<br>April 1,<br>2003 | Additions         | Deductions        | Balance<br>March 31,<br>2004 |
|---|-----------------------------|-------------------|-------------------|------------------------------|
| <b><u>Trust and Agency</u></b>          |                             |                   |                   |                              |
| <b>Assets</b>                           |                             |                   |                   |                              |
| Cash and cash equivalents               | \$ 65,770                   | \$ 361,006        | \$ 326,541        | \$ 100,235                   |
| Accounts receivable                     | -                           | -                 | -                 | -                            |
| Total assets                            | <u>\$ 65,770</u>            | <u>\$ 361,006</u> | <u>\$ 326,541</u> | <u>\$ 100,235</u>            |
| <b>Liabilities</b>                      |                             |                   |                   |                              |
| Due to other funds                      | \$ 22                       | \$ 264,060        | \$ 264,077        | \$ 5                         |
| Due to other governmental units         | 43,227                      | 32,536            | 25,866            | 49,897                       |
| Due to individuals                      | 825                         | -                 | -                 | 825                          |
| Performance deposits                    | 21,696                      | 64,411            | 36,599            | 49,508                       |
| Total liabilities                       | <u>\$ 65,770</u>            | <u>\$ 361,007</u> | <u>\$ 326,542</u> | <u>\$ 100,235</u>            |
| <b><u>Runyan Lake Sanitary Fund</u></b> |                             |                   |                   |                              |
| <b>Assets</b>                           |                             |                   |                   |                              |
| Cash and cash equivalents               | \$ 20,078                   | \$ 1,051          | \$ 8              | \$ 21,121                    |
| Accounts receivable                     | 13                          | -                 | 4                 | 9                            |
| Total assets                            | <u>\$ 20,091</u>            | <u>\$ 1,051</u>   | <u>\$ 12</u>      | <u>\$ 21,130</u>             |
| <b>Liabilities</b>                      |                             |                   |                   |                              |
| Due to other governmental units         | \$ 6,049                    | \$ 301            | \$ -              | \$ 6,350                     |
| Due to individuals                      | 14,042                      | 750               | 12                | 14,780                       |
| Total liabilities                       | <u>\$ 20,091</u>            | <u>\$ 1,051</u>   | <u>\$ 12</u>      | <u>\$ 21,130</u>             |
| <b><u>Total All Agency Funds</u></b>    |                             |                   |                   |                              |
| <b>Assets</b>                           |                             |                   |                   |                              |
| Cash and cash equivalents               | \$ 85,848                   | \$ 362,057        | \$ 326,549        | \$ 121,356                   |
| Accounts receivable                     | 13                          | -                 | 4                 | 9                            |
| Total assets                            | <u>\$ 85,861</u>            | <u>\$ 362,057</u> | <u>\$ 326,553</u> | <u>\$ 121,365</u>            |
| <b>Liabilities</b>                      |                             |                   |                   |                              |
| Due to other funds                      | \$ 22                       | \$ 264,060        | \$ 264,077        | \$ 5                         |
| Due to other governmental units         | 49,276                      | 32,837            | 25,866            | 56,247                       |
| Due to individuals                      | 14,867                      | 750               | 12                | 15,605                       |
| Performance deposits                    | 21,696                      | 64,411            | 36,599            | 49,508                       |
| Total liabilities                       | <u>\$ 85,861</u>            | <u>\$ 362,058</u> | <u>\$ 326,554</u> | <u>\$ 121,365</u>            |

June 9, 2004

To the Honorable Members of the Township  
Board of Tyrone Township

We have audited the general purpose financial statements of Tyrone Township for the year ended March 31, 2004, and have issued our report thereon dated June 9, 2004. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under Generally Accepted Auditing Standards**

As stated in our engagement letter dated January 19, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Tyrone Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Tyrone Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Tyrone Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2004. During 2004, the Township paid off the Runyan Lake Bonds at less than originally anticipated. We noted no transactions entered into by Tyrone Township during the year of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements that were sensitive in nature.

### **Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Township that could potentially cause future financial statements to be materially misstated, even though we concluded that such adjustments are not material to the current financial statements. We proposed adjustments to receivables and payables for which management concurred and recorded them.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To The Honorable Members of the Township  
Board of Tyrone Township  
June 9, 2004  
Page 3

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management (primarily the Township Controller) each year prior to retention as the Tyrone Township's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

**The following items are other information that the Township Board should consider:**

#### **1. Runyan Lake Debt Service Fund**

During 2004, the Runyan Lake bonds were extinguished. This resulted in a fund balance deficit of \$46,877 as of March 31, 2004. It appears that the outstanding assessments to be collected will be adequate to eliminate the deficit. We suggest the financial position be monitored to ensure adequate funds will be available to eliminate the deficit and pay back \$74,052 borrowed from the General Fund.

#### **2. Silver Lake Estates Road Paving Special Revenue Fund**

The Fund incurred a fund balance deficit in the amount of \$79,811. Future assessments do not appear to cover the entire deficit. Management's options are to 1) reassess the district or 2) transfer funds from another fund to cover the deficit.

#### **3. GASB 34 Update**

As mentioned in the past, the American Institute of Certified Public Accountants (AICPA) has issued a new accounting standard that will affect all governments. The implementation date for the Township will be for the fiscal year ended March 31, 2005. A capitalization policy needs to be adopted. The policy should establish guidelines for items to include as a fixed asset as well as the number of lives for classes of assets to be depreciated over.

We want to thank the Township staff for their cooperation and courtesy afforded to us during the audit. We also want to thank the Township Board for the opportunity to serve as the Township's independent auditors. This information is intended solely for the use of the Board and management of Tyrone Township and should not be used for any other purpose.

*BKR Dupuis & Ryden*

Certified Public Accountants  
Flint Office